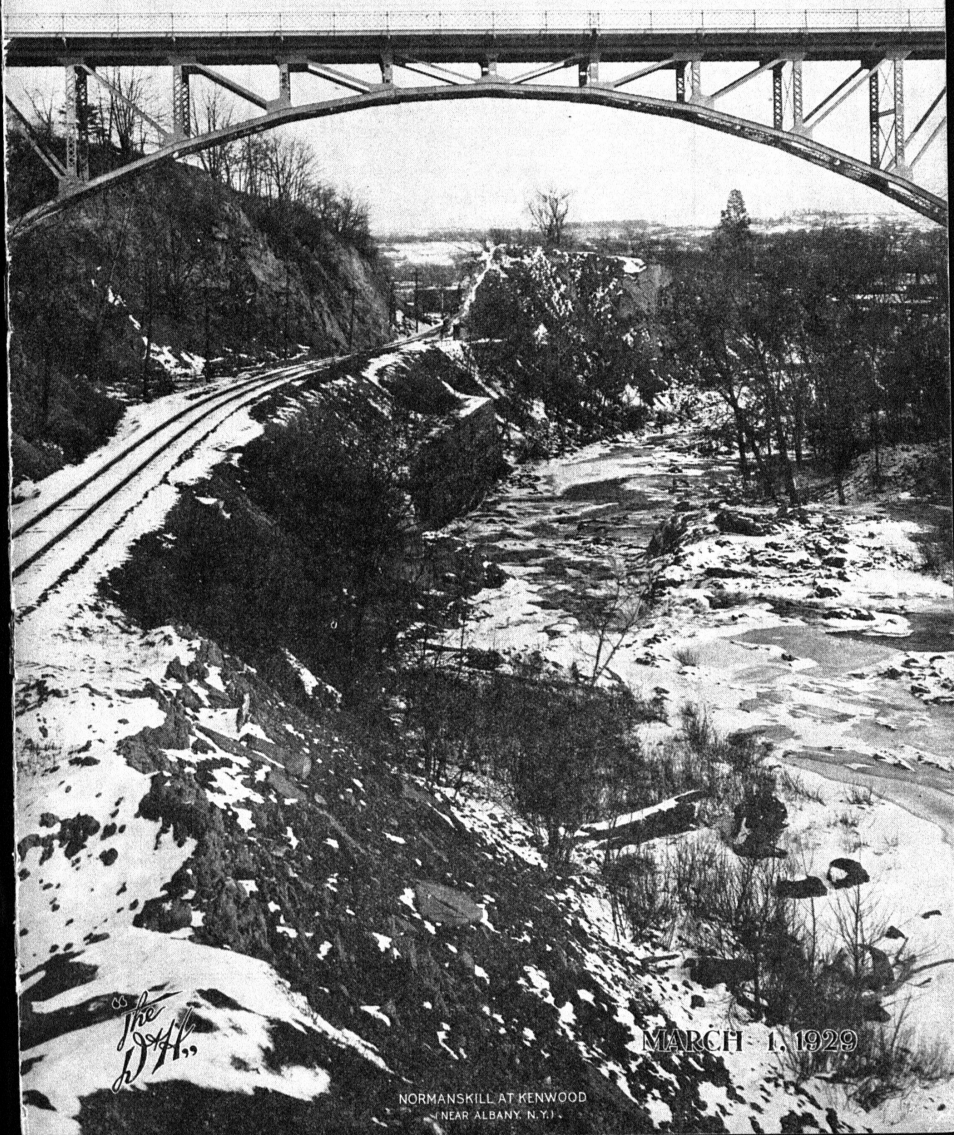


THE DELAWARE^{AND} HUDSON COMPANY BULLETIN



*The
D.H.*

MARCH 1, 1929

NORMANSKILL AT KENWOOD
NEAR ALBANY, N. Y.

Just Being Happy



*J*UST being happy,
Is a fine thing to do ;
Looking on the bright side
Rather than the blue ;
Sad or sunny musing
Is largely in the choosing
And just being happy
Is brave work and true.

*Just being happy helps
Other souls along ;
Their burdens may be many
And they are not strong.
Your own skies will lighten
As other lives you brighten,
By just being happy
With a heart full of song.*

*Just being happy
Is brave work and true,
Looking on the bright side
Rather than the blue ;
Sad or sunny musing,
Is largely in the choosing
And just being happy
Is brave work and true.*

— Ripley D. Saunders.

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DELAWARE AND HUDSON COMPANY

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— BULLETIN —

Vol. 9

Albany, N. Y., March 1, 1929

No. 5

Recalls Thrills of "Gravity"

Memories of Days When Motive Power Always Stayed at Its "Home Terminal"

NO railroad was ever more picturesque or interesting in its mode of operation, when considered from an up-to-date viewpoint, than our old gravity road between Carbondale and Honesdale, and the return route to Olyphant, which formed the nucleus of The Delaware and Hudson rail lines. Volumes might be written on the various problems which were encountered and overcome by our pioneer railroad men. Those who saw service on the gravity and, after that system was gradually replaced by the steam locomotive, came over to the ranks of the latter, carried with them a background of railroad experience which was later invaluable to them in their work.

Such was the experience of FRANK BALL, who, at the age of sixteen, was employed on the gravity, and fifty-three years later was retired with the rank of engineman on the Pennsylvania Division. His present home at 5 Jeffery Street, Carbondale, is within a stone's throw of the old roadbed of the "level" connecting inclined planes Numbers 1 and 2 of the old gravity road.

Even with the above advance knowledge, the stranger would not be apt to recognize the roadbed as such, because the passing years have removed most of the traces which would help to

identify it. Number 1 slope or plane rose from a point just at the rear of the new general office buildings in Carbondale, directly up the mountainside to the east. There were two tracks of four feet three inch gauge, one for eastward and

one for return traffic. At the foot of the plane the tracks branched out to form the Carbondale yard. Upon reaching the top of the hill there was a long "level", which in reality sloped slightly to the east to permit the cars to run by force of gravity to the foot of the next plane. Mr. BALL's present home is located on the hillside overlooking the head, or summit, of Number 1 plane and the level stretching over to Number 2.

Back in '73, when he found employment as "headman" at Number 3 plane, the gravity road was alive with busy people and running cars. A steady stream of loaded coal cars was ever moving over the line to Honesdale where their cargo was transferred to canal boats for shipment to Rondout, thence up or down the Hudson to the cities of eastern New York.

Today when we speak of a "head man" we mean the trainman stationed at the forward end or top, of a plane. It was his duty to uncouple the load (generally consisting of five coal cars of



FRANK BALL

standard gravity road size, or six if there was a small car among them) from the cable as the cars reached the top of the incline. This operation required considerable skill and quick action on the part of the headman.

In order to appreciate this fact we must know something about the operation of one of the gravity planes. At the top of the plane there was an engine house enclosing a stationary steam engine. An endless steel cable stretched from the bottom of the plane to a drum attached to the engine. When the drum was put in motion the cable circled the drum, thence back to the foot of the plane and up again. Large elliptical, steel corks or links were set in the cable at opposite points, so that when one was at the bottom of the plane the other was just going over the top. The man at the foot of the plane attached a length of chain to the head car in the cut and dropped the hook at the other end of the chain into the corks as it came by. When the cars reached the head of the plane the engineer "slacked" on the cable for an instant, relieving the tension, so that the head man could bend over and with a snap of his wrist flip the hook out of the cork. The "cut" then ran by force of gravity to the foot of the next plane where the operation was repeated. If it so happened that the cars ran hard and did not reach the foot of the next plane a horse was used to haul them in.

Suppose the cable should break, what then? Along the upward slopes there were "traps" consisting of large blocks of wood set between the tracks, to which springs were attached. The wheels of the ascending cars struck the blocks, pushing them in toward the center of the track sufficiently to permit them to pass by. The result was a series of "bumpety-bumps" as each successive pair of wheels striking the block shoved it

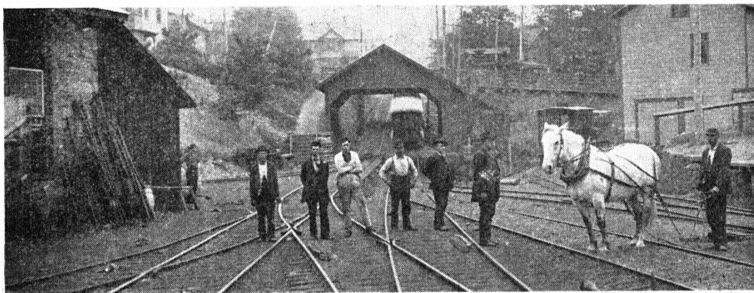
out of the way, and it snapped back into place. In the event that the cars should start backward the block, when it reached a position at right angles to the track, was held rigid thereby stopping or derailing the cars. Sprags of wood, about one foot in length and pointed at each end were also used to block the cars.

Although Mr. BALL was classified as a "headman" he was called upon to do all manner of work on the entire line. For that reason he calls himself a "Handy Man of the Gravity". He ran every stationary engine from Number 3 to Waymart, from which point a long "level" ten miles in length ran into Honesdale.

The tracks on the gravity road were of narrow gauge and the equipment consisted of wooden coal and passenger cars. "There never was a road where a man had to know any more about railroading than on the gravity. In the summer time people flocked to the road from miles around to take a ride. Excursions were run to the top of the mountain at Farview where there was a picnic ground. Thousands of people climbed on the open passenger cars to experience the thrill of a ride up the slopes and across the levels. With all the traffic there was only one fatal accident that I know of," says Mr. BALL.

This fact is very significant when it is considered that there were numerous sharp curves on the line. One in particular, was known as the Shepherd's Crook because of its resemblance to the staff carried by a shepherd. The man on rear of a 100-car train could get off of the last car, walk down a sharp incline and get on the head car as it came around the loop. This curve was long famous among thousands of tourists until 1898 when the track was abandoned.

(Turn to page 78)



Carbondale "Switcher" and Crew of Gravity Days

\$2,039,275 Paid to Employees

An Explanation of How This Huge Sum Came to be Distributed Among Delaware and Hudson Employees and Their Families

INSURANCE as known today is preeminently a modern institution. It had its origin in the recognition of the importance of providing some method of spreading the losses of the few over the many engaged in a common enterprise.

One of the most interesting efforts of this nature occurred in England among those engaged in early commercial shipping. History tells us how ship and cargo owners would regularly gather in Lloyds Coffee Shop in London toward the end of the seventeenth century and enter into mutual agreements for the protection of their property interests against the perils of the sea. Then we find life insurance springing into existence largely from the necessity of protection against the loss of life of mariners, but not really getting started until a later period when life insurance companies were organized. The great fire of 1666 in London gave an impetus to and demonstrated the need for fire insurance. Marine, fire and life insurance originally had to justify their existence in the face of numerous difficulties, one of which was the strong belief that disasters and deaths were acts of God and that it was sacrilegious to attempt to insure against the decrees of Providence. A more practical difficulty was the lack of adequate experience or data upon which to base rates. Just as these forms of insurance originated in the necessity of safeguarding the future against the loss of property or life, so casualty insurance later came into existence to offer various forms of protection against other hazards. That the development of industry and insurance go hand in hand is illustrated by the fact that the insurance of travelers against injury on trains was the first really popular accident insurance.

Defining insurance in terms of our industrial and commercial processes, we find it is not a productive process like manufacturing, nor is it a distributive process which contributes toward the marketing of manufactured products. Insurance is a service of indemnity which protects all factors woven into our economic fabric. It is designed to give the policy holder a sum equivalent to the value of his actual loss, or in the case of life, health or accident insurance, a definite amount agreed upon in advance to be paid upon the occurrence of the contingency insured against.

Insurance safeguards the future against uncertainties. The cost of insurance is reflected in the price of every commodity.

Generally life insurance has been defined under three major classifications: Ordinary life, industrial, and group insurance. The distinction, if any, between ordinary and industrial life insurance is merely yearly or weekly payments. While the former has been in effect for a considerable number of years, it was not until 1879 that industrial insurance, which was sold merely to wage earners, was placed in effect in this country.

The growth of this industrial insurance may be visualized by the statement of one of the leading insurance companies in which it is noted that they have in force thirty-five and one-half millions of policies, of which over thirty-one million are industrial policies. Of the nearly four and one-half million ordinary policies in force, a very large proportion are on the lives of working people. As an evidence of the growth of the insurance feature, this same company has about twenty-two million of individual lives insured, or nearly one-fifth of the entire population of the United States and Canada. Further, they have kept pace with the increasing population. As an instance, the general population increased two per cent in 1925 and the number of insured lives increased over six per cent.

It will be seen that the value of insurance, insofar as the wage earner is concerned, must have been very thoroughly appreciated. Under these circumstances, with the introduction and evolution of group insurance, the phenomenal growth of group insurance is not so surprising.

When insurance companies first underwrote group insurance policies, there was no agreement among themselves as to what specifically was group insurance. Because of questions which arose as to how a group was properly constituted, and in order to regulate this new form of insurance, which was growing rapidly, the National Convention of Insurance Commissioners, in 1918, adopted a definition of group insurance which has been accepted as authoritative by the insurance companies, and which has been incorporated into the laws of several states.

In essence this provides that life insurance may be taken on a body of fifty or more persons in the service of an employer with whom the policy contract is made. The employer may or may not require medical examination. He may insure all of his employes or certain classes of employes, according to the conditions of their employment, and the amount of insurance in all instances is to be based on some plan which shall preclude individual selection. If the premiums are to be borne by the employer alone, all of the eligible workers in the specified class are to be insured. However, if the employer and employee are to share the premium cost cooperatively and if the privilege of insurance is offered to all who are eligible, no policy can be issued unless at least 75 per cent of the qualified workers accept the plan.

The plan of group insurance is comparatively new. The first group insurance policy was written in 1911 and covered one hundred twenty workers of the Pantasote Leather Company of New Jersey for \$87,000.00. The first group insurance contract of considerable size was that undertaken by Montgomery Ward and Company in 1912. This covered the lives of 3,300 employes for protection amounting to more than six millions of dollars (\$6,000,000.00). Contrasted with these first policies is the announcement by one of the largest employers of labor outlining a group insurance policy estimated at four hundred millions of dollars (\$400,000,000.00), and covering some two hundred thousand (200,000) employes.

A further indication of the remarkable growth of group insurance is the fact that at the end of 1927 it was estimated that approximately six billion, four hundred million dollars (\$6,400,000,000.00) worth of this form of insurance was in force in United States companies, covering approximately four million, seven hundred thousand, (4,700,000) workers.

On January 1, 1922, an announcement of President L. F. LORIE conveyed to the employees of the Delaware and Hudson Company the fact that a contract between the Metropolitan Life Insurance Company, one of the largest insurance companies in the world, and the Delaware and Hudson Company, had been signed providing for a plan of group insurance for all employes on a participating basis.

With but little effort, the necessary seventy-five per cent participation requirement was met. After seven years, ninety-two per cent of the eligible employes are contributors and paying premiums to this form of insurance. Employees and their

families have been paid the huge sum of \$2,039,-275.62 in benefits.

With these outstanding figures can anyone question the benefits of insurance in general and particularly group insurance with its many advantages? The low cost of group insurance and the waiving of physical examination provided for under the plan, offers protection to employes not otherwise insurable. Younger employes are always difficult to interest in insurance because of their outlook on life and apparently good physical condition and are inclined to reject insurance when it can be purchased at a low cost. Later, with advanced age and family obligations, their interest is awakened only to find that insurance costs have materially increased and rigid physical requirements have to be met. All of these difficulties are overcome by this modern plan of insurance.

Group Insurance has been called a menace, that its purpose cannot be to confer any benefit, that it is not insurance at all, but a delusion and a snare having no permanency. This criticism generally emanates from fraternal organizations dealing in types of insurance as a side issue.

In view of these statements it may be of interest to review the Delaware and Hudson Company's experience.

The plan of group insurance established by the Delaware and Hudson Company is one of the most comprehensive in effect in any industry, and during the seven years this insurance has been in effect, the following benefits have been paid:

Life	\$1,272,375.84	974 claims
Health	557,817.42	5503 claims
Accident	48,476.14	588 claims
A. D. & D.	108,000.00	72 claims
T. & P. D.	35,204.84	50 claims
Unemployment	17,401.38	224 claims

Can one imagine the huge sum of over two millions of dollars being paid to Delaware and Hudson employes and their families under any other circumstances than through the introduction of this particular plan of insurance? Nine hundred and seventy-four (974) death claims with an average of \$1,306.34 per death, have been paid.

It must be apparent that the payment of 5,503 health claims in the amount of \$557,817.42, or an average of \$101.36, has been of material assistance in defraying the expenses that go with sickness of any kind, to say nothing of the possible loss of earnings to the wage earners. There are numerous cases where employes have at different times exceeded the twenty-six weeks benefits. In one outstanding instance, seven health claims, representing \$1,722.86, were paid to one individual.

While the accident insurance is applicable only to non-occupational accidents, the fact that five hundred and eighty-eight (588) accident claims involving \$48,476.14, or an average of \$82.44, have been paid, demonstrates the value of this form of insurance.

Probably no better illustration of the value of the whole scheme of insurance protection to railroad employees can be offered than the accidental death and dismemberment insurance. For twenty cents (\$.20) per month, per one thousand dollars (\$1,000), in addition to the regular premium, the employee, regardless of his occupation, is entitled to the so-called double indemnity protection, and no matter under what conditions he may meet with an accident, off or on duty, causing death, the beneficiary is entitled to draw double the sum of the ordinary life protection. This class of insurance also provides protection against the loss of feet, hands, and eyes. Under this plan seventy-two (72) claims have been paid amounting to \$108,000.00, or an average of \$1,500.00.

Total and Permanent Disability Insurance enables an incapacitated employee, if necessary, to draw his life insurance in monthly installments thus providing assistance at a time when most needed. Fifty (50) such claims averaging \$704.09 have been paid.

The Unemployment Insurance affords timely aid over a period of unemployment. It is designed to promote greater ease in the conditions of employment by freeing the employees from anxiety should any of them be dismissed for cause. To that end two hundred and twenty-four (224) claims, averaging \$77.68 have been paid.

If further evidence were needed to demonstrate the popularity of group insurance, insofar as the Delaware and Hudson employees are concerned, the statement may be made that when increased insurance was offered to the engineers employed by the Delaware and Hudson Company, in practically one week's time, without outside assistance, ninety-five per cent (95%) of the engineers subscribed to a plan of additional insurance.

In the matter of cost, it must be obvious that the plan of group coverage offers opportunity for lower premium costs not unlike the relations between wholesale and retail prices. Instead of the ordinary insurance age requirements, the average age of the group is used for the purposes. Naturally the cost per thousand is considerably lower than the ordinary straight life premium in any company. However, this premium cost to the employee is further reduced by reason of the majority of industries contributing a proportion of this cost, the employee paying the balance.

As to the permanency of the plan, all group insurance plans provide that upon termination of the contract or individual separation from the company's service, the employee, within thirty days, may subscribe for the amount of life insurance then in effect, without physical examination.

With the continued spread of group insurance among industries, it is quite probable in the near future that a workman may change from one employer to another without disturbing the status of group protection.

Taking the country as a whole, the American workman covered by an individual insurance policy, including benefits paid by fraternal orders, now does well if he leaves his family five hundred dollars (\$500.00) in insurance. The majority of workmen, speaking as an average, make no such financial contribution to their dependents' welfare. Under present economic conditions, any competent, well employed workman, having a wife and family, should have at least the equivalent of one year's salary in life insurance.

Group insurance is making it possible for the under-insured to take a big stride in the protection of this desirable achievement. It is believed that this form of insurance will ultimately out-rank all other forms of life insurance.

Our Cover Page

JUST below Albany, at Kenwood, the course of Normanskill Creek affords an opportunity for the Delaware and Hudson track to climb up out of the valley of the Hudson River on the way to the south and west.

Officially designated as Subdivision "E", in charge of ROADMASTER SUPRENTANT and SUPERVISOR HENRY BACHRACH, the track in this vicinity has caused some trouble to the Maintenance of Way Department because of small landslides and the surcharge of clay upon the track. A watchman, whose cabin may be seen in the picture, is kept at this point on this account.

The bridge which spans the creek and the railroad at this point is the Southern Boulevard highway bridge.

Motorist: "I clearly had the right of way when this man ran into me, and yet you say I was to blame."

Local Constable: "You certainly were."

Motorist: "Why?"

Local Con.: "Because his brother is Mayor, his father is chief of police and I am engaged to his sister."—*People's Journal (Dundee)*.

FEBRUARY 9 will go down in Car Department history as one of the "big days". In the cold gray dawn those Supervisors who had not been able to get started a day earlier set their faces toward Oneonta and by early afternoon over a hundred were assembled at the Elks Club in that city for the Sixth Annual Business Meeting. The Pennsylvania Division contingent arrived in all the glory of a roller-bearing-equipped special train, while the folks from the north were provided with special cars attached to the regular trains.

Shortly after two o'clock G. W. DITMORE, Master Car Builder, called the meeting to order. After the singing of "America", there came some three hours of interesting talks and instructive papers, in addition to routine business and committee reports.

The excellent paper of WILLIAM K. BRODIE, Division Piecework Inspector at Oneonta, on the subject of piecework and other systems of wage payment, was followed by remarks by ARCHIE JONES, General Air Brake Supervisor, who spoke about several matters of importance to car men in connection with air brake and steam heat maintenance.

L. H. Albers, Supervisor of Air Brakes of the New York Central Railroad, spoke regarding the experience of his company with Federal Inspectors. He cautioned all against jumping at conclusions in cases where peculiar brake action had taken place, quoting unusual incidents to prove his points. At the close of his remarks Mr. Albers was given a rising vote of thanks for his very interesting and educational talk.

A very amusing and snappy impromptu speech by J. E. LONG, Superintendent of Safety, in which he told some stories which fitted the situation perfectly, followed. He also touched upon

Car Department Holds

More Than One Hundred Supervisors and Their Guests Enjoy



safety work in the Car Department, calling attention to the record of the Pennsylvania Division which has gone 17 months without a reportable accident.

Just before the Divisional Car Foremen were called upon for remarks, F. C. REARDON, Superintendent of Stores, was introduced by the chairman. He expressed his thankfulness at being present, and his appreciation of the educational nature of the entire program.

While thanking the Supervisors for the loyal cooperation which they had given his department during the past year, he reminded them that continued vigilance was necessary in the matter of conservation and use of material.

The clock now registering eleven (in the Elks Club, remember) all thoughts turned to the "inner man". As the business meeting drew to a

Solds Annual Conclave

Guests Enjoy Business Meeting Followed by Dinner and Dance



close the ladies were arriving from their shopping tours, theatre parties, and what not, so that but a few minutes elapsed before the assemblage filed into the dining room to the strains of martial music by McNeeley's Melodians.

Upon the arrival of F. L. HANLON, Supervisor of Wage and Working Agreements, the orchestra burst into "Hail, Hail, the Gang's all Here"! Then the flashlights "boomed" and the fun was on. Gay caps, horns, rattles, community singing—and, of course, last but not least, the dinner. From the oyster cocktail to the ice-cream it was a riot of merriment. T. A. HEMINWAY, Division Car Foreman, as toastmaster, brought the crowd to order only to send them off into gales of laughter at his stories.

Mr. HANLON spoke in his usual witty fashion

before settling down to some more serious words relative to the duties of the supervisory officer.

A brief adjournment to the auditorium was enlivened by the showing of a comedy "movie" in which pies, paint and pants, were all treated with reckless abandon while the dining room was being transformed into a ball-room.

Dancing continued until midnight, by which hour many a supervisor had begun to realize that he was out of training "or something". Their aches did not get the better of them while the fun lasted, however, for the floor was filled with dancers as the music for each succeeding number was struck up.

No description of the event would be complete which failed to mention two important details. The first was the handsome basket of flowers presented to Mrs. G. W. Ditmore, as "the one who, indirectly, had so much to do with making these good times possible".

Mrs. Ditmore thanked the committee and expressed her happiness at being able to be present as she had feared that illness would prevent her attendance at the gathering. The other never-to-be-forgotten feature was that group of convivial spirits who so sturdily insisted upon chanting "And she lives down in our alley" on various and sundry occasions throughout the evening, to the great amusement of all present.

Unfortunately, lack of space prevents giving a more detailed account of the proceedings at the business meeting but it is understood that copies of the papers will be furnished to the supervisors interested.

The committee under whose guidance the entire affair was so successfully concluded was:

J. E. O'NEIL
H. E. POTTER
FRANK SCHIESLER

GREEN ISLAND
ONEONTA
CARBONDALE

The

Delaware and Hudson Company BULLETIN

Office of Publication :

DELAWARE AND HUDSON BUILDING,
ALBANY, N. Y.

PUBLISHED semi-monthly by The Delaware and Hudson Company, for the information of the men who operate the railroad, in the belief that mutual understanding of the problems we all have to meet will help us to solve them for our mutual welfare.

Permission is given to reprint, with credit, in part or in full, any article appearing in THE BULLETIN.

Vol. 9

March 1, 1929

No. 5

BUSINESS

IT looks funny, doesn't it! You won't find it in Webster's or any other dictionary, but it is a word in the English language. It is all that is left of "Business" if "U" and "I" are dropped out. The Delaware and Hudson Company's "Business" would be in just as bad shape if all of its "U's" and "I's" were left out.

Some of us are too much inclined to act the part of "silent letters", making the rest put across the idea that the Company really does need business, and that the way to get it is to go after it. By quietly allowing our competitors to carry off traffic, we are casting our votes in favor of a decrease in business, and possibly, a reduction in forces.

To be sure, we have folks who are paid for going out and soliciting business. We also have car inspectors who are paid to find broken wheels or dragging brakebeams, and track-walkers whose duty it is to look for broken rails. Most of us are assigned to specific duties. Yet how often a trainman or sectionman reports a defective car; and, only recently, an air brake inspector and a machinist flagged a approaching train upon discovering a broken rail. Many cases are on record where engineers have awakened sleeping households threatened by fire.

We are all well aware of these more obvious dangers, but little thought is given to the unseen. Like the general public we are too much inclined to think of the railroads as something as permanent as the air we breathe. We take them too much for granted.

Of course you are no salesman—neither are we.

That is no reason why we cannot help as much as possible. Suppose we check up and see what we have been doing that might make it harder for this company to compete successfully with other railroads or means of transportation. Let's "U" and "I" see what we can do to help the BUSINESS upon which our individual and collective prosperity depends.

The Wonder of the Railroad

THE following verses afford an interesting sidelight on a business man's view of railroading. Their composer is Eugene Brown, one of the outstanding realtors of Peoria, Ill., and they were dedicated by him to E. I. Rogers, formerly roadmaster on the Illinois Central System and now chief engineer of what the author calls "the biggest little railroad in the world"—the Peoria & Pekin Union. We are indebted for the verses to the kindness of President V. V. Boatner of that railroad. The title of the poem is, "The Wonder of a Railroad." It is given as follows:

"I never yet could see just how a railroad can
be run
Just ev'ry day, and ev'ry day, and never miss a
one.
A lot of track to be in shape, a lot of stuff kept
right,
A lot of workmen at their posts, and working day
and night.

"And then, replacing things worn out, as wear
they surely will;
I often wonder why the brakes don't slip on some
big hill.
It takes so many details to make a railroad run
It's sometimes hard to understand how all the
work gets done.

"I always feel that if I had to make a railroad
go,
The signal lamps would all go out, and the
switches be clogged with snow,
The help would all get tired, throw their tools
upon the shelf,
And suddenly they'd tell me: 'Aw, go run the
thing yourself.'

"And, how they ever get the road to function
ev'ry day
Without some big thing going wrong is more than
I can say;
But there it is, and there it runs, and perfect,
just about,
I guess it's 'cause a railroad's got the faith that
don't play out."

There are two kinds of discontent in this world:
The discontent that works, and the discontent
that wrings its hands. The first gets what it
wants, and the second loses what it has. There's
no cure for the first but success; and there's no
cure at all for the second.—GORDON GRAHAM.

The Chain Store

Its Expansion and Growth Vitally Affects Us in Ways to Which We do not Ordinarily Give Much Thought

(Continued from February First Issue)

WE are all familiar with the chain stores of the A. & P., Woolworth, S. S. Kresge, and the United Cigar, with the Liggett Drug Store across the street. Many of us are also acquainted with the chains for clothing, such as Bond, Weber & Heilbronner and John David. The Long and Young Hat Stores are long and old established. Shoe companies have attempted to establish their own outlets such as the Hanan. Regal and Walkover. D. A. Schulte, at one time a United Cigar store clerk, decided to go into business for himself a few years ago and by the time the organization became affiliated with the United Cigar Stores Corporation, in 1926, he had built up a chain of more than 300 stores. The Schulte Company now controls the American Druggists Syndicate, the Alfred H. Smith Company, V. Vivadou, Inc., The Melba Manufacturing Company, Park & Tilford, Huyler's, Inc., and has made arrangements with American agents for several foreign perfumes.

What is the cause of this phenomenal growth? In the case of the Schulte Company, it may be partly due to the fact that D. H. Schulte is credited with being one of the keenest of real estate buyers in the country; his locations are exceptional. But other chains on all sides are growing.

For the first 100 years of American industry the problem seemed to be "to find enough shoes for the feet". Since 1900, however, and particularly during the present phase of industrial development, it is more a question of finding enough "feet for the shoes". Yesterday's problems were problems of production. Today's problems are problems of distribution. Yesterday the manufacturer was all-important; today the salesman holds the center of the stage.

The chain store is a kind of distribution factory. Instead of making a standardized product on a quantity scale, it sells standardized products on a quantity scale. It is a study of mass selling. There seems to be no chain store formula. "Every chain is a law unto itself." To explain the growth and success of chain store merchandis-

ing by means of a blanket theory that applies equally and inflexibly to all kinds of chains is impossible. True, the essence of the chain store principle is to be found in skilled central office management controlling the conduct of numerous retail outlets, but beyond this no generalization is inclusive. There are, nevertheless, certain factors common to all chain successes, such as small stocks of popular merchandise, standardized at the point of most rapid turnover, attractive store arrangement with emphasis on merchandise display, well trained clerks and managers frequently remunerated on a bonus basis, and well chosen locations.

Then again, quantity buying with its large discounts, advertising allowances and special concessions have contributed in no small measure to the success of the chain store. They receive cash and pay cash—little wonder that they are frequently able to sell for a price less than the normal cost to the independent dealer. To better impress the size of this volume buying, some of the figures given by the merchandising manager of J. C. Penney may be noted as purchases for one year, in 1924. Knitted garments, 6,000,000; pairs of hosiery, 18,000,000; pairs of shoes, 5,000,000; yards of muslin and sheetings, 7,500,000, etc. It has always been the principle of the chain store company to buy at the lowest figure and to demand of manufacturers concessions not granted the jobbers and independents.

We can, therefore, see several reasons for the success of the chain store. But at every stage in the growth of existing chain systems, and whenever a new chain is formed, there are always those who say that the chain store has reached the peak of its development. Other observers shake their heads and relegate independent retailers and wholesalers to immediate extinction. With 88% of retail business still being transacted outside the chain store scope, it is still premature to write the obituary of the independent merchant. We can only guess, therefore, at what point the equilibrium will be reached between the chain and the independents. There are, how-

ever, certain definite factors which apparently insure the future increase of the chain store business. The chain store is capable of much further expansion in the grocery and drug fields. Capital has only recently become interested in chains. This interest has grown so rapidly and become so general that large scale financing of chains is an assured development, particularly in the light of the chains' natural affinity with the principles of unification that underlie the whole industrial trend toward mergers. But this financial backing must be on a sound basis. In studying the financial history of the large chain stores, it is found to be a fact that successful chains are those which were not financed by the sale of securities, but which began their existence with one or two units.

Although the chain stores have been confining their activities to the larger cities, they are now planning to go to smaller towns. The A. & P. chain alone plans 10,000 new stores within the next few years. It has already been proved that the chain store can be run profitably in cities and towns with a population far less than 25,000. It might be stated as a principle that chain stores can be opened wherever the population of a given area will support warehouse distribution.

What is happening to "old-time distribution"? Wholesale grocery has dropped off 20%. A study of statistics reveals the fact that there are too many wholesale and retail grocers and that a readjustment in distribution methods is inevitable. Chains have taken over from 90 to 100% of the warehousing and trucking functions of the jobber. From the standpoint of the independent, the chain store is a menace. It is the latest and most threatening of three fears: the mail order house, the department store and the chain store.

Chains are fast outstripping both the department stores and the mail order houses. The rate of mortality among independent stores is extremely high, a decade ago the average life was seven years; now it is but five. Today, however, forty-five years after the establishment of the first chain, "the little corner store" still exists in spite of the inroads made by chains in every field. The chain store has replaced only the unsuccessful slipshod methods of the corner grocer and the small specialty storekeeper. The independent dealer still holds the lion's share of the market and will probably continue to hold it for an indefinite period.

Recently a prominent chain store operator stated that any officer of his company could open an independent service grocery and in a short

time cause severe suffering to the business of his chain competitor in the same locality. This means that, for the present, the actual merchandising advantage is with the independent and not with the chain. The one outstanding advantage of the chains is that they are doing quantity buying. The retailers are attempting to free themselves of the handicap of quantity buying by uniting to form special buying groups. There are at present some 20,000 retailers buying all or part of their merchandise through cooperative jobbing houses. Mr. Edward A. Filene, in a recent address, declared that cooperation for the dry goods business is only in its infancy; the rapidly growing competition of the chain store was making this a necessity for the department store as well as for the small independent. In the drug field, buying syndicates have been developed to a position of even greater power than the chains.

The inroads made by chain stores and buying associations have forced the jobber to develop new methods of selling. Some jobbers meet the situation by making arrangements with a select list of retailers who agree on contract to buy all or a large proportion of their merchandise from him. The jobber is assured of volume, elimination of competition and sales expenses and can, therefore, sell at lower prices and in some cases distribute additional rebates at the end of the year. Most of the wholesale grocers now realize that the chain is a factor they must meet. This has resulted in quite a few consolidations of large concerns in an effort to cut overhead and shave distributing costs. The movement will continue to gain headway as the wholesalers see the need for a change in their methods. A chain store operator, after investigating the decrease in sales in a certain city, remarked, "We can only account for our decrease in sales by the fact that the wholesalers have assisted the retailers to improve their merchandising methods".

Where will the chain stores lead us to?

Manufacturing by chain store groups has been the cause of much discussion. Some manufacturers fear the chains, once they find a large sale for a product, will substitute their private brands. Others believe that some day the chains will resort to some cooperative manufacturing plan. Several chains have already engaged in manufacturing. Grocery chains manufacture an average of 50% of their staple items. One chain owns several farms and a salmon fishery. Some chains have seriously considered doing away with nationally advertised brands. But the experience

of the past ten years proves conclusively that the consumer demand is the essence of profitable chain grocery store operation. Consumers always have had a tendency to regard the merchandise of chain stores as inferior to nationally known merchandise. Ten years ago chain stores followed a policy of selling a cheap product at a low price, but they learned that it pays to handle well known brands of goods for which there is a ready demand and the selling of which requires less effort. The adoption of this policy has, it is felt, done more than anything else to contribute to the success of the chain.

The question has frequently been raised: will the chain store ever reach the place where it can dictate price to the manufacturer? *Commerce & Finance* tells the story of a manufacturer who allowed a large chain to handle so great a part of his output that he suddenly discovered they were selling a full third of his production and other dealers were rapidly losing interest in it. Next season the chain buyer insisted on still lower prices, which the manufacturer could not grant. The contract for that season went elsewhere. The manufacturer found himself virtually out of the market. In the end he called in a receiver after trying to operate his large plant on a reduced basis of production.

To sell or not to sell to the chain has been a

constant question of manufacturers since early in the development of chain stores. But the chain grew so rapidly that manufacturers soon found that they must let down the bars, and today most manufacturers sell large chains. The early shortsighted practices of chains, for instance, using a well-known product as a "football" by advertising it at a price below cost, have largely disappeared. And today many manufacturers regard the chain as an excellent distribution channel for introducing new products. But there is no reason why any established manufacturer who has a product distributed, sold and advertised nationally, should make any concessions to chain stores. Sales to chain stores must be built up. Frequently, the mistake is made of approaching the chain's buyer with a long and enthusiastic demonstration of the merits of their product. What the buyer is interested in is: Will it sell? In what quantities? How rapidly? For how long? Through what means? What are the terms? The chain store is continuing in its growth as a sales agent for great quantities of manufactured goods, bringing these to the public at the lowest possible price and forcing the other selling agents to meet this competition. Shipments of goods are made in carload lots to central warehouses with "drop shipments" some-

(Turn to page 78)

Conference of Maintenance of Way Supervisors, Carbondale, 1920



(1) Phil Rosenberger, (2) William Cook, (3) Mary Ruane, (4) Charles Caswell, (5) Angela Manley, (6) Leroy Varker, (7) M. J. McDonough, (8) Genevieve Swartz, (9) George Koontz, (10) Katherine Kennedy, (11) Walter Shimer, (12) F. P. Gutelius, Jr., (13) James Hevers, (14) F. M. Reardon, (15) Henry Gramer, (16) H. S. Rogers, (17) Joseph Philbin, (18) David Jones, (19) George Sawyer, (20) Phillip Reynolds, (21) Harry Vance, (22) George Case, (23) John Doyle, (24) Paul Powers, (25) Grace Walsh, (26) W. B. Leonard, (27) John Kirk, (28) Fred Lansing, (29) H. S. Clarke, (30) M. Cantwell, (31) William Sill, (32) Thomas O'Brien, (33) Robert Cox, (34) Frank Timmons, (35) Lee Reynolds.

Recalls Days of Gravity
(Continued from page 68)

When the gravity system began to give way to the steam locomotive, Mr. BALL went over to the Valley Road as a trainman. (This road, running between Hudson and Nineveh, was later made a part of our lines.) As head trainman on a freight he figured in a very interesting experience one night with a gravity train at Lookout Junction. When they came to the point where the gravity road crossed the steam line his train had the white light indicating proceed. His engineman was a "fast runner" when given a clear board and was going at a good rate approaching the crossing. Mr. BALL was riding a few cars back when he saw a gravity train coming. There was no time to make a move. The gravity cars plowed into the side of a box car. The low side gondola on which he was riding and many other cars were demolished. As for himself, he was thrown to the ground, and saw cars shooting up in the air and debris falling all over, but escaped unhurt.

In 1888 he was promoted to the rank of engineman, after a five-year term as fireman, and during the following forty-four years he held many different runs. When, in 1898, the track at Shepherd's Crook was abandoned and the switch-back at Panther's Bluff substituted, he was at the throttle of the last engine to pass over the old, and the first to pass over the new track. For eighteen years he worked on pusher engines out of Carbondale.

At the time of the so-called big cyclone in Wilkes-Barre in the nineties, Mr. BALL was just pulling out of Wilkes-Barre yard with a string of cars. The fireman saw it coming and called out a warning. Again he escaped unhurt while cars and coaches were upturned, roofs blown from buildings and other heavy damage was done. YARDMASTER JIM BRADY happened to be standing near a pile of lumber and a flying board struck him on the knee, injuring him so that he could not walk without limping for months afterward.

On another occasion he figured in a miraculous escape on the crossover at Brace Brook. An Erie freight train with eighty-four cars, failed to stop at the signal and ran into the side of his train. Both engines were badly damaged. Mr. BALL's engine was thrown over on its side and, had it gone a few feet more, would have toppled over a twenty-foot embankment.

His years of railroad experience and his jovial personality, which is immediately apparent, have made him a well known character in Carbondale and nearby points. At the mere mention of his name among a group of railroad men someone's face will light up with a bright smile as he recalls

some humorous incident told of, or by, Mr. BALL. He is a member of The Delaware and Hudson Veterans Association, Brotherhood of Locomotive Engineers, Eagles, Independent Order of Odd Fellows, and the Enginemen's Pension Roll.

Day Dreams

By WILFRED J. FUNK

Over my ledger I can see
The giant ships go down the bay,
And there's no one of them but holds
My heart aboard as stowaway.

And one will steam to China Sea
And one will swing around the Horn
And, Oh! I'd be a happy lad
If I were only sailor-born.

One golden day I'll break my bonds
And close my books and wander free,
And then another pale-faced lad
Will add my figures up for me.

Ten Tips

1. Courtesy, politeness, a willingness to do, and accuracy constitute the first qualifications of a successful passenger solicitor.
2. Service is essential for continued patronage.
3. Learn to smile. The longest word in the English language is—smiles. There is a mile between the first and last letters.
4. Neatness. Clothes do not make a man, but they do make a creditable appearance.
5. Short answers are not conducive to good business ethics.
6. Information advanced, unsolicited, helps to secure the business.
7. Practice moderation. Remembering that a soft word turneth away wrath.
8. Study your patrons and adapt yourself to their wishes.
9. Put yourself in the prospective passenger's position.
10. Be loyal to your own self as well as to your employer.—From the *Ticket Agent*.

The Chain Store
(Continued from page 77)

times aiding in the distribution. The less than carload shipments are now taken care of by the chains by their truck deliveries and the romance of a new industry continues to work out its miraculous achievements with, let us hope, not too much jostling of its neighbors.

Clicks from the Rails

Climate Lengthens Mileage

In the early days of railway construction a foreman bargained with his Italian gang boss that as soon as the gang had completed a mile of track laying they could quit for the day. This arrangement was followed for some time and on most days they finished ahead of time.

There came a Tuesday night when five miles of track had to be laid by the end of the week. The gang boss, a resourceful man, immediately struck upon a plan. He and several cronies dug up the intervening mile posts that night, and in resetting them, left one out so that the "mile post distance" was four miles instead of five.

Of course the gang had to work overtime each of the four remaining nights but the job was completed Saturday night. The gang boss complained that the miles seemed longer in this locality, but the foreman explained that this was due to the warm climate, and he got away with it!—EXCHANGE

Dummies Locate Low Joints

A mechanical family is in service on the Santa Fe whose duty it is to locate low joints and other track irregularities. The members are made up of wood and steel bodies, spring muscles, rod legs, and electric nervous systems.

There are three in the family, each having "his" work outlined for "him". One measures low joints, the second locates irregular rail gauging, and the third shows the amount of lateral movement. If they are successful in their labors, the passengers of the future will ride in increased comfort and ease.

Farmers Build Railroad

Farmers of the middle west are taking transportation matters into their own hands. Several hundred have invested capital in a railroad which is being built between Mound City and Leola, South Dakota, for the express purpose of carrying their merchandise to the market. It is to be known as the Mound City & Eastern Railroad, will cost \$1,600,000 and will be seventy miles in length.

"Hank Ford" Special

Among the unique railroad lines in operation today is the Florence & Bartlett Railroad, in Texas. The M. K. T. abandoned this stretch of track in 1920 because the traffic did not justify the expense of running it. However, there was sufficient business to interest one Tom Cronin who immediately rigged up a Ford truck, with four flanged wheels in front and two "drivers" at the rear, with which to "carry on." Two flat cars were coupled on to handle the freight. Passengers are carried in the "engineer's" cab or in a small improvised coach (the only roofed equipment). The latter is generally left in the "yard", however, as laborers are content to ride the flat cars and the occasional lady passenger is accommodated in the cab.

Engineman Greets Cripple

Time hangs heavy on the hands of Clayton Lord, eighteen year-old invalid of Monroeville, or at least it did until one night about one year ago when the whistle of a fleeting New York Central passenger locomotive barked out four staccato blasts in greeting to him. Somehow he understood and on the following night he blinked his flash light four times in reply. As the days pass he awaits the nightly roar of "his engine's" whistle.

Last Christmas he received a necktie from his unknown friend, who made a personal visit shortly afterward. Now Clayton and Engineman J. J. Loucks, for he is the whistle blower, are warm friends. No moment is now quite so important, in the sick lad's day, as that which brings him a greeting from "his engineer."

Old Coach Panel

A souvenir of the days when railway coaches contained hand-painted works of art is a car panel entitled "The Hunter's Last Shot" which is in the possession of Fred R. Kent of Clinton, Ill. This panel was painted for an Illinois Central passenger coach in 1852 by Mr. Kent's grandfather, W. R. Clapperton, who was a painter of heraldry in London, England, before coming to this country.

New Scotch Yarn

A Scotch joke of a new sort was brought to light recently by X. H. Cornell, of the Alton Transportation Co. It reads:

"Back in the days when only presidents and general managers had business cars, with a cook and road stenographer, J. C. McMullen, a rough and ready, hard-working Scot, was general superintendent. He rode freight trains as well as passenger trains and practically carried his office under his hat. One day, in passing a station, he noticed a partly unloaded car of coal. He dropped off a message at the next stop asking the agent if the car was company coal. Several hours later the reply reached Mr. McMullen reading "Yes". By that time he had forgotten his original wire and sent back a message asking, "Yes what?" The agent, thinking he had offended Mr. McMullen by his abrupt "yes", made a second reply "Yes Sir". The "Super" finally recalled his first inquiry and released the joke to his friends.

Every Saturday Night

Saturday night, once held in awe by the younger generation because of its connection with bodily cleanliness, is eagerly anticipated by the residents of Umogradnaya in the Northern Caucasus (Russia), for the very same reason. It is fifty miles from that station to the nearest town which has a bath tub. More than 150 railroad workers and officials make the trip to Georgievsk each weekend to take a bath. On the return trip they all join in singing to celebrate the event.

Record Rail Run

With a right of way over all trains on the main line of the Louisville & Nashville, between Lexington, Ky., and Hazard, and train orders allowing a wide open schedule, a special train carrying Lexington firemen and equipment to the mountain city recently broke all records for speed on that division, covering 101 miles of mountain roadbed, through 12 tunnels and over a number of bridges, in two hours and 45 minutes, bucking an uphill grade most of the way.

The Quiet Life



WHAT pleasures have great princes,
More dainty to their choice
Than herdsmen wild, who careless
In quiet life rejoice.
And fortune's fate not fearing,
Sing sweet in summer morning ?

All day their flocks each tendeth ;
At night, they take their rest ;
More quiet than who sendeth
His ship unto the east,
Where gold and pearl are plenty ;
But getting very dainty.

For lawyers and their pleading,
They 'steem it not a straw ;
They think that honest meaning
Is of itself a law ;
Whence conscience judgeth plainly,
They spend no money vainly.

O happy who thus liveth !
Not caring much for gold ;
With clothing which sufficeth
To keep him from the cold.
Though poor and plain his diet,
Yet merry it is, and quiet.

— William Byrd.